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ABSTRACT

Five papers are presented from a legislative seminar on budgeting for higher education and the legislative oversight process. In "Budgeting: A University Perspective," Jack K. Williams addresses the preparation of an institutional budget, what legislators should know about budgets, plans for no-growth or retrenchment, and the importance of formula systems. In "Budgeting: Views of a State Higher Education Director," James M. Furman discusses the declining share of state revenue for education, the changing enrollment picture, and the need for statewide coordination. In "Budgeting: Perspectives from a State Executive," Wayne F. McGown discusses the executive and higher education budgets, policy decisions, formulas in budgeting, budget contracts, budgeting trends, and collective bargaining's impact on budgeting. In "State Control and Programs for Higher Education," Lyman A. Glenny examines trends in higher education at the state and federal level, a survey of college presidents, and the institutions' role. In "Legislative Oversight: A Former Legislator's View," Marshall S. Harris defines and describes a system for legislative oversight and policy. (SW)

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BUDGETING FOR HIGHER EDUCATION

and

THE LEGISLATIVE OVERSIGHT PROCESS

Presentations to a Legislative Seminar Sponsored by

SREB's Legislative Advisory Council

Tampa, Florida **January 9, 1976**

Southern Regional Education Board
130 Sixth Street, N.W.
Atlanta, Georgia 30313

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FOREWORD

Budgeting for higher education and the developing approaches to "legislative oversight" are particularly timely issues facing state legislatures today. Financing and budgeting for higher education are in a period of change involving uncertain long-range enrollment patterns, increased competition for state priorities and dollars, and unaccustomed state fiscal problems linked to an economic slowdown. Many of the same factors which make state budgeting more difficult, and not just for higher education, seem to be encouraging state legislatures to develop processes for reviewing the effectiveness and efficiency of state programs, i.e., legislative oversight procedures.

These two issues were the focus of a January 1976 seminar for legislators planned by the Southern Regional Education Board's Legislative Advisory Council. In addition to its membership, the Council invited legislators who serve in leadership positions on education and finance committees in the 14 Southern states. Perspectives on higher education budgeting problems were supplied by a university president, a state higher education board director, an executive department budget administrator, and a higher education research center director.

Speaking from a university's perspective was Jack K. Williams, president of Texas A & M University. James M. Furman, executive director of the Illinois Board of Higher Education, provided a state higher education agency viewpoint and Wayne F. McGown, with experience as Wisconsin's director of the budget, gave an executive department's perspective. Lyman A. Glenny, director of the Center for Research and Development in Higher Education at the University of California at Berkeley, was not able to attend the seminar but furnished a paper on national attitudes and trends with information from a survey of 2,500 college and university presidents.

The speakers agreed that important changes in higher education are occurring but some questioned whether higher education was responding to, and adequately preparing for, these changes. Mr. Furman added that legislators are also sometimes hesitant to accept changes in the higher education system, particularly when these changes place them "in a crossfire" between the need to protect their own district's interests and the overall need to achieve reasonable economies in a state system of higher education.

All speakers agreed to the existence of a budget crunch or crisis that was not necessarily a temporary situation. Different approaches to working through the tight budget period were advocated. President Williams suggested that the state government must set the guidelines for financial retrenchment, when necessary, and let the institutions make recommendations and decisions on where costs are to be cut. He also supported formula budgeting techniques, not necessarily as a means of saving money, but as

a system of guideposts and for use in the comparative analysis of costs. Mr. Furman described a declining role for formula budgeting approaches, while Mr. McGown outlined a budget contract system, a complement to zero-base budgeting, being instituted in Wisconsin.

As higher education and all other aspects of state government are subject to the budgeting process, so are they becoming increasingly subject to legislative oversight procedures. The oversight process to evaluate the effectiveness of programs funded by the legislature was outlined by Marshall S. Harris, a member of the Florida Board of Regents and a former member of the Florida House of Representatives. Mr. Harris described his ideas for organizing a legislature to conduct oversight studies and determine legislative policy. He challenged legislators to use the committee structure to develop statements of legislative policy which would give direction to state administrative agencies and warned against succumbing to the less demanding procedure of dealing with issues on a piecemeal basis.

The Legislative Advisory Council's seminar represents an initial attempt of SREB's State Services Office, staffed by Mark Musick, to bring together a relatively small group of legislators to examine specific issues, with the majority of the program devoted to open discussion of the problem. Such programs, along with SREB's annual Legislative Work Conference, should provide a forum for legislators and educators to discuss higher education issues. The formal seminar presentations which follow, while they do not reflect the extensive discussions which they sparked, indicate the principal points which were examined.

February 1976

Winfred L. Godwin
President

BUDGETING: A UNIVERSITY PERSPECTIVE

Jack K. Williams, President
Texas A & M University

"...higher education is being fitted with a financial straitjacket, and the question...is how strait must the jacket be?"

As your first speaker on the subject of budgeting in higher education, I will agree quickly to the importance of this seminar. In higher education we are in a financial crisis--it makes no difference which state you are from--a crisis aided in its severity, no doubt, by management deficiencies, but aided as well by a clearly stated unwillingness on the part of our money-granting agencies (legislative and otherwise) to continue to meet our yearly expectations for a higher unit rate of support.

In brief, in higher education we have been placed on an economic diet, as it were--the purpose being not so much to make us lose weight as to demand that we keep the poundage about where it is. To change metaphors, higher education is being fitted with a financial straitjacket, and the question in many of our minds is how strait must the jacket be?

Nothing I have said is intended to imply agreement with those who would fit higher education in an economic straitjacket. Certainly I do not pass lightly over the obvious truth that one of three private colleges and universities is in deep financial trouble and ended 1974 in the red. And, one in seven public colleges and universities in this country failed last year to operate within established budget limits. I take no comfort in the fact that as state colleges and universities are subjected to cutbacks in appropriations (or to budget increases which are below annual rises in the cost of doing business) these schools are meeting their money deficiencies in part by raising tuition and required fees.

Not only are <u>in-state</u> fees and tuitions moving upward this year by 8 to 10 percent, but <u>nonresident (out-of-state)</u> tuitions and fees have shot to a level where public education in the South and Southwest will soon be denied any semblance of cosmopolitanism in its student body mix. Low tuition and fees are hallmarks of our public university system throughout this country, and deviation from the low student cost concept marks a change of considerable import in our historic roles.

But I will not take more of your time to recount details of financial problems which are obviously familiar to you.

I have been asked to make brief comments on four topics. First, how is the institutional budget prepared? Second, what should the legislator know about an educational budget? Third, what should be done in case of a no-growth or a retrenchment situation? And fourth, is there value to a formula system for funding higher education?

Preparing an Institutional Budget

On the matter of preparing a budget, no magic is involved. Budgets are put together by department heads, deans and directors; analyzed and refined by appropriate vice presidents; reviewed and commiserated over by university and college presidents; approved by governing boards; and then brought to the legislative group for study and action.

University and college budgets may or may not be prepared with sophistication. An unsophisticated budget is one which carries forward existing programs with a general cost-of-living percentage increase added to everything in all categories, and a loosely-arrived-at figure for expected growth.

A sophisticated budget treats each program as if it were operating from the start or a zero base; this is called zero-based budgeting. Such a budget will analyze the need to continue the program at any level. A budget with sophistication will offer a cost accounting of the programs, present an effectiveness study of the programs and make a serious effort to trim fat from the programs.

What Legislators Should Know about Budgets

What should a legislator know about a university or college budget? That is impossible to answer for all legislators; but I have discovered, working with Texas legislators, that they know far more about budgets than most of the people appearing before them seem to think they know. Perhaps one should rephrase the question. I think we might ask what college presidents or college board members should know about legislators when it comes to preparing budgets.

I believe legislators must understand the role and scope of an institution before they evaluate its budget. If an institution is expected to staff for and equip for a substantial research program, then its per student cost may be $5500 per student--compared to $3500 if the Ph.D. is offered without substantial research--compared to $2500 if the Ph.D. is not offered--and compared to $2000 if only the first two years are offered. Those are last year's figures from one body of national data. In presenting these data, I hope I make the point not only that the costs are higher for the complex institution, but that any state facing economic reality about higher education must decide which of its universities are to be complex and which are not; and having made the judgment, must enforce it with courage and conviction.

Legislators should understand how money is spent in higher education. By that I mean that for each dollar appropriated to higher education for its educational programs, about 55 cents should go to instruction and research; about 5 cents to the library; about 15 cents to administration and general purposes; about 10 cents to student services; and about 15 cents to plant operation and maintenance. These are operating expenditures, of course, and have nothing to do with capital

outlay. Any institution presenting a budget which departs in a material way from these operational percentages may be right in doing so, but should be prepared to explain why, in my opinion.

Legislators need to understand that of each dollar of education expenditures, about 50 cents goes for salaries and wages. Education is offered to people by people. It follows, obviously, that if substantial money is to be saved, it must be saved through reductions of personnel or increases in work load, or both. Perhaps nothing in higher education is as little understood as is the teaching load and teacher-student ratio. The Proceedings of SREB's 1975 Legislative Work Conference includes an article on teacher load written by a faculty member--in defense of the thesis that most teachers work long hours each week. When I began full-time teaching on a college level after World War II in 1946, the teaching load in universities was normally fifteen semester credit hours. It dropped shortly thereafter to twelve. It has steadily declined over the years to nine and to six. Where one teacher was required in 1946, two or three are required now.

The gospel of the low teaching load has caught on; and in the public mind has been tied directly to quality. People believe that the lower the teaching load, the higher the quality of the education work of the institution. No valid data exist to prove this claim of quality, but it persists like dandruff and the seven-year itch. In cost of new professors, in cost of office space, laboratories, secretaries and general teacher support, the teaching load fiction has pushed educational budgets up "Disaster Mountain" faster than many will believe or admit.

This does not have to be so. I will give you a personal observation. In the past five years at Texas A & M, during a period when our university has experienced a 78 percent increase in enrollment, our faculty size has increased only 26 percent. The economic benefits which accrued are calculable, obviously, but detractors may say that we have suffered a decline in our educational quality as a result. I defy anyone to validate such a charge. By any testing system I know about, the academic standing of Texas A & M's students has steadily improved. But I do not offer this as a "show and tell" exercise. I make the point simply that any legislature faced with financial crisis should seek a professional review of budgets on the basis of productivity and personnel work loads.

Plans for No-Growth or Retrenchment

Now to the third query--what can be done in case of financial no-growth or retrenchment. If a legislature has charted a course of financial no-growth or retrenchment for its university and college system, it should make clear that this probably also means no increase in student enrollments--or if enrollment increases are to be allowed, it must be made clear that they will be accompanied by heavy and immediate increases in the cost to the student and/or his family.

Legislators and central governing boards are obligated, in my opinion, to tell university trustees and presidents publicly what the guidelines are for financial retrenchments. Budgets can be reviewed, tightened, and fat removed; work loads can be increased in some institutions; travel costs can be reduced; equipment can be used a bit longer; space demands can be dealt with ruthlessly--but these are not long-range solutions to a genuine financial crisis. Each of the steps taken can easily be taken too far. There is a ratio beyond which work loads cannot be raised. Only "x" number of working people can be squeezed into "y" feet of space. Administrative and general funds <u>can</u> be cut to a point where the educational program will indeed suffer. When these limits are in sight, the institution's program inventory and its head-count enrollment must be stabilized. If stabilizing enrollments and program inventory are not sufficient, then programs must be cut away. These are not easy solutions, but there is no adequate substitute solution for them.

The business of cutting away programs, together with the personnel employed to maintain and support them, is an action which should have priority over general, across-the-board cuts. My suggestion is that the legislative and/or executive authority in the state give public notice of its intent to curtail programs and enrollment in state universities; and that the institutions be given as much time as possible to phase out of existence those programs which cannot be continued. The university needs this time because once a program is begun, students are enrolled. And once students are enrolled, they deserve opportunity to complete the program which they entered. Anything other than that is indefensible.

Many of the comments I have just made are in line with a statement I gave to an SREB group two years ago when I said state legislators should design for themselves a central board they can trust to do the educational job I am talking about. Legislators need working for them a strong, tough central board of professionals. The financing of higher education occupies more and more of your legislative time and subjects you to increasing harassment from all over the state. I would argue, as I have done before, for a strong central board, trusted by the legislative authority to recommend to you procedures and actions carefully evaluated on a full-time basis.

Importance of Formula Systems

This brings me to the last point I was asked to discuss--the importance of a formula system to the budgeting process. Is there importance to a formula system in the higher education budgeting process? I feel that the adoption of a soundly-conceived formula system for making appropriations to higher education is essential. There must be an agreed-upon <u>unit of cost</u> for program activity in higher education, and this unit of cost should indicate the price of doing business--course by course, curriculum by curriculum, and educational level by educational level.

The Texas formula system has been in existence for at least 15 years and has been reviewed and refined and improved each year. Business officers of the institutions of higher education, Legislative Budget Board personnel and others serve on the committees which do the review and suggest the revision. The annual goal is to improve the reliability and validity of the formula system. I hope the formulas are helpful to the legislature in Texas, and I think they are. I hope the formula system in Texas makes clear to the legislature what is involved financially in moving from a baccalaureate to a master's to a doctor's degree program; what costs are included in professional curricula that are not included in nonprofessional curricula; and how all campus workers--police and admissions clerks and grounds maintenance personnel--are affected by different student groups doing different work routines.

The formula system is not a cure for all evils; it is not designed to save money as such; and it is by no means perfect, regardless of how much revision goes into it. But it is valid in setting guideposts and in providing comparative analysis of costs by program type and size. It can and should be invaluable to busy legislators beseiged by pressures from all sides for their time and knowledge and tax dollars.

Ladies and gentlemen, my time is up. I hope I have not been totally pedestrian in my comments to you. Thank you for your kind attention.

BUDGETING: VIEWS OF A STATE HIGHER EDUCATION DIRECTOR

James M. Furman, Executive Director
Illinois Board of Higher Education

"...higher education's budget is what's left after all the other fixed income and fixed expenditures are automatically provided..."

I think what I would like to do is to give some background material about developments in higher education, which I'm sure is obvious to all of you here today. The strange thing to me is that no matter how obvious these trends seem to be, it's amazing how when we talk about these things, on a personal level--particularly with an institutional president, particularly with somebody who is closely identified with the daily operation of a college or university--somehow these trends don't seem to have relevance for that institution or that situation. I am reminded of the news commentator years ago who used to begin with, "There's bad news tonight." That certainly seems to be the case in terms of what we see developing in higher education in individual states and around the country.

The Declining Share of State Revenue for Education

One of the things that is happening to states' legislatures, again very obviously, is that a declining proportion of state general revenues are going to higher education each year. And that's a pronounced trend. In fact, in the last two years, two thirds of the states' public funds declined in the proportion of revenues going to higher education. This trend is continuing, and I think over the long run that trend has every reason to continue that way in terms of what we see happening in higher education.

In the State of Illinois in the last five years we have dropped from 22% of state revenues going to higher education to the point where 17% is going to higher education. I think in the years ahead it is very likely that the trend--at best--will stabilize, and it will probably continue downward. As you look at higher education budgeting and the legislative response to higher education, it seems increasingly to me that the executive and legislative branches are viewing higher education in the sense that it's the balancing mechanism for appropriations generally in putting together an overall budget. In many ways it is what's left after all the other fixed income and fixed expenditures are automatically provided for the state.

Even though we talk about formulas and the use of formula systems, the truth is that there has been a decline in the last years in the use of formulas for calculating how much money should be going to higher education. Appropriation by formula is being abandoned in many ways in states around the country. I think this creates even larger pressures

for looking at higher education as the final consideration in developing the total budget of a state. States have new commitments in dealing with welfare and other areas which add up to more than is available. The result is that cuts are made--approaches have to be considered for reducing budgets. Higher education is fair game for that kind of reduction, even more than other areas of state government spending.

The Changing Enrollment Picture

One of the problems that I think accentuates the difficulties we have in budgeting in higher education is that in all of the states today we're in the final throes of an enrollment growth, and this is very misleading to many of our colleges and universities. In my state this year we had a 10% increase in overall enrollments, 20% in our community colleges, 6-7% in public universities, and a 4% increase in private colleges. And I know that generally that kind of trend exists in state after state this year.

As a matter of fact, this year we will have the largest class of high school graduates in the history of the U.S. To the extent that these graduates move on to college and continue to be the largest contributor to our colleges and universities, we are not going to have a drop in enrollments this year or next year. But we know further that by 1981 we will begin to have a decline in enrollments. As a matter of fact this decline should continue until 1990. Then in 1990 we'll have the same number of students in our colleges and universities that we had in 1975.

It's very difficult to get that message across--and the severity of the problem confronting us in higher education--when we continue to be in the last gasp of the enrollment increases during the next few years. Our problems today have to be considered with an eye toward the approaching realities of the 1980's--what happens in the 1980's in terms of classrooms, in terms of staff that we need for the next few years as compared to the declines that should occur in the 1980's. As a matter of fact, in 1981 we will have 35% fewer high school graduates than we have today in higher education.

It is often reported that we in higher education feel that the new adult population, increased enrollment of women, minorities and persons over 30 years of age will somehow compensate for the drop in high school graduates and that we will continue enrollment growth indefinitely into the future as we have in the past. I don't believe that's going to happen. I think we are increasingly in a service-oriented economy, and even though we will add adult enrollments in numbers beyond what we have in previous years, this will not offset the demographic projections for other major areas of enrollment.

Our management of various phases of higher education budgeting in the past has been management of growth. What we really need, as Kenneth Boulding of the University of Colorado has said, is a new perspective about the management of decline, or at least the management of stability. The management of decline or stability is going to be increasingly the challenge of the future. By the time we reach the 21st century we may well have a stable population in this country. So to repeat, I think all of us have been too much schooled in the growth syndrome. It's extremely difficult to turn this thinking around and have a new perspective on management that ties specifically to higher education.

The Need for Statewide Coordination

I believe, as Dr. Williams does, that it is absolutely essential to have a strong central board as it relates to the budgeting process in higher education and I hope fervently that that strong central board has the support and the understanding and credibility of state legislators. So many times when a statewide board goes on record to eliminate a program or suggest the phasing out of a professional program or perhaps an institution, much to my surprise I've found as much resistance from the legislature as from the educational constituency of individual colleges and universities. Legislators so many times find themselves in a crossfire between the need to protect their own district requests and programs and the overall need to achieve reasonable economies in the higher education budget.

I only ask that you as legislators consider thoughtfully an appropriate way to press for the needs of your constituents which, at the same time, will not seriously undermine the efforts of a central board to gain cost effectiveness in program review. The coordinating board has no built-in lobby and it badly needs the understanding and political support of the legislature. Even in the area of Ph.D. programs, we find a kind of reverse twist against agency efforts to avoid duplication of a program by another program elsewhere in the state. We at the central board certainly find ourselves in a very difficult dilemma with legislators who feel strongly about the need for given programs in spite of evaluations to the contrary. I'll stop with that as part of the background and elaborate on other points during the discussion period.

BUDGETING: PERSPECTIVES FROM A STATE EXECUTIVE AGENCY

Wayne F. McGown
Wisconsin's Deputy Secretary of Transportation and
former Budget Director and Secretary of Administration

"Clearly the biggest problem the higher education budget presents ...is its magnitude in an era when the love affair between public and professor has cooled."

Because budgeting systems do differ among states, we need a common starting point for our evaluation of the process. The system I have worked with begins with agency requests to the executive who is required to propose a balanced expenditure and revenue program to the legislature. The legislature, using the executive's plan as the take-off point, independently makes its own determinations and incorporates them into the appropriation bill, covering a period of one or two years. Following legislative passage, the executive's involvement in the bill is the usual constitutional one of signing it, or vetoing it, or exercising a partial or line veto. Upon publication, the executive and the agency to whom the appropriation is made have a joint responsibility for administering the statutory appropriations to carry out the legislative intent developed throughout the budget process.

The budget system presumes that the higher education agency will participate in the system in the same way as all other state agencies. All monies used by the higher education agency, regardless of the source of those monies, are deposited in, and are accountable to, the state's treasury and are expendable only upon specific appropriation authority. The higher education agency is expected to respond to all requests for information including complete fiscal data, statements of goals and objectives, policy papers, tables of organization, payrolls and short and long range plans. The budget proposals of the higher education agency are presented in summaries for the entire system, but traceable to each campus or cluster, if requested. While the specific format of the budget request will vary with the budgeting philosophy of any given state, the preferred emphasis will be on major program functions such as instruction, physical plant, libraries, public service, research, and administration, with less emphasis on <u>how</u> the money is to be spent, such as salaries, capital equipment, travel, etc. Usually, however, the final budget will delineate the specific number of authorized positions both for faculty and non-faculty positions in the system.

<u>The Executive's Ability to Deal with Higher Education Budgets</u>

As a starting point I'll try to answer some of the questions presented to us for discussion. The first is: what is the executive's ability to deal with a higher education budget? The executive's ability to recommend a budget for higher education and relate it to the total

budget plan for the state depends upon higher education's compliance with the budget system, and with the willingness of the staff in the higher education agency to be forthright with all of the participants in the budget game from regent to budget officer, to governor, to the legislative fiscal staff, to the individual legislator. (We have come a long way in my opinion from years ago when I once heard a university budget official reply to a legislator's question at a budget hearing by saying that the answer to the question being asked was so complicated that he would not bother replying to it, since the legislator asking the question wouldn't understand the answer anyway. Those days are gone forever--or better be!)

Clearly the biggest problem the higher education budget presents to the executive--and the legislature--is its magnitude in an era when the love affair between public and professor has cooled. In every state the higher education budget is among the biggest, if not the biggest item in the budget. In some states, my own included, it accounts for more than 50% of the general fund allocations for state operations. Therefore, the problem is a major political one, necessitating good-faith efforts on the part of higher education leadership to manage effectively, to eliminate marginal operations, and to candidly identify major educational policies and their relationship to the dollars being requested.

Higher Education Policy Decisions

I personally don't believe either the executive or the legislature is particularly interested in authoring educational policy. Rather, I think they want evidence of the willingness of educators to openly discuss policy, to present alternatives and consequences honestly and fairly, and to implement faithfully the policies which are ultimately endorsed in the budget-making process.

To do that in Wisconsin, we use a system of policy or issue papers prepared by the central staff of the higher education agency and approved by its regents prior to forwarding to the budget agency. The usual format includes a statement of the issue, alternative ways of dealing with it, results and costs which can be expected and, finally, a recommendation from the agency for the alternative most preferred by it. These basic documents are used both by the executive in formulating recommendations and by the legislature in developing its position. Ultimately they are used with the press in describing for the public the overall policy and program decisions contained in the final budget act.

While we find the issue paper the most meaningful device in budget communication, we recognize and have used other techniques, such as budget formulas.

Formulas in Higher Education Budgeting

Formulas in budgeting are supposed to provide mathematical computations useful for making comparisons and useful for achieving equity in the allocation of resources among programs competing for limited resources. In higher education the major budgeting effort is to provide appropriate staff and facilities for the students enrolled; therefore, formulas are developed to aid that effort. They usually count the number of credit hours taught, what is taught, class level, size of campus, past direct costs measured by common accounting definitions and some allocation for a variety of indirect costs. These are fed into the computer and out comes the size of the instruction appropriation for the forthcoming year. Or so the theory goes!

I am going to have to differ with one of my fellow panelists because my experience with formulas, at least at the state budgeting level, is the old problem of apples and oranges. Formulas measuring costs-per-student, while valuable for that purpose within higher education institutions, do not easily relate to costs-per-mile of highway construction or cost-per-dependent-child on welfare. Consequently, program and political choices independent of the formulas still have to be made. Furthermore, once you add up the "right" answer for each formula calculation in all programs, the total will inevitably exceed available resources. That happened this year in Wisconsin with the result that the legislature simply declared "inoperative" the previously enacted statutory allocation formulas and went instead to policy issues and department program issues involved in the various agencies. The formula system is useful--probably mandatory--for internal allocation of funds within a system; I do not find it particularly useful in the budget determination process.

Budget Contracts in Higher Education

More recently we have explored, in Wisconsin, the "budget-contract" concept. Budget-contracting is a complement to zero-based budgeting which re-analyzes all program facets of all state agencies every budget period. (Zero-based budgeting, incidentally had its beginnings here in the Southeast.) Once the zero base is identified, the new budget is built, a program at a time, including new programs and those which are authorized for continuation. In budget-contracting, the legislature formally contracts with the agency for every program segment in the budget--that is, the legislature agrees to provide "x" number of dollars to finance "y" level of program achievement in the agency's undertakings. The contract documentation provides specific evidence of the program performance expected and becomes the basis upon which the post auditor can measure program compliance.

Wisconsin's budget law now authorizes the contract system; beginning next year we will start writing specific contracts, but initially will limit them to new programs or major expansions of existing programs.

If the system works, it is feasible that in the future all of our appropriations will be based on a series of formal written contracts between the legislature and the agencies.

Higher Education Budgeting in Transition

Some of these kinds of demands made upon the higher education system were not even conceived of ten or fifteen years ago when I started in the budget business in Wisconsin. In those days, in many states, the higher education agency or the higher education system was pretty much out of sight from the budgetary processes imposed on other programs and agencies.

That has changed dramatically in ten or fifteen years in my state and I suspect it has in most states. Today, unless there are very specific constitutional or traditional restraints, the higher education agency participates in the total budget process like any other state agency. Clearly the pendulum has swung. However, I would warn you: don't let the pendulum swing so far that there is an excessive involvement on the part of the executive and the legislature in the process which ultimately precludes or erodes the proper role of higher education administration and management officials.

We need a mutual system that says on the one hand, higher education will participate openly in the budget decision-making and, on the other hand, says that we in the executive and legislature will assure the proper kind of role for higher education management. Specifically I would suggest the following:

1. The creation of a higher education structure which permits effective planning, coordination, and management. (This could be a state-wide system, major campus cluster, coordinating board, etc. I don't think there's any right answer for a given state. Wisconsin recently moved from a coordinating council concept to a single system. I think in Wisconsin that is working and the coordinating council has worked well in other states.) There needs to be a statutory appropriations structure compatible to that system, so that there can be flexibility for internal allocation of funds within the system.

2. The willingness for policy change in the higher education system to be evolutionary in a long-range context, providing a manageable pace for shifting priorities. However, the ultimate goals should be identified from the beginning, and the higher education board should be held responsible for achieving them.

3. Agreement that resource allocation within the system should be the prerogative and responsibility of the higher education board and management.

4. Insistence on an overall plan for achieving productivity within the system including identifiable timetables, procedures and standards. I prefer this approach to one of direct audits by the executive or legislature of individual degree programs or research projects.

5. Delegation for internal organization of the system to reside with the agency. However, the legislature should have clear-cut authority to establish or discontinue institutions and major schools or colleges within institutions. Below that level we should let the higher education agency organize so as to carry out its program as best it can.

6. Overall monitoring and evaluation of factors related to student access including size limitations, policies of out-of-state versus resident enrollment, questions of freedom of choice, general fee schedules, and financial incentives. Any executive or legislative challenges to these factors should be at the broad policy level, not aimed at narrow specifics.

7. High-level support and rewards in the budget for cost-cutting achievements resulting from management or faculty innovation including incentives for inter-campus or inter-system cooperation.

8. Clear directives mandating the complete and open involvement of all facets of the higher education agency in the total budgeting process including encouragement for open input into the process from faculty and students in addition to system administrators.

9. Determination of the respective turfs of the state's higher education system with specific responsibilities assigned to the university, technical colleges, community colleges and public service programs, and with corresponding demand for inter-system cooperation, wherever feasible.

10. Establishment or retention of governor-appointed bipartisan governing boards but with Senate or legislative confirmation a crucial balancing power. As much as budgeting demands full participation by the higher education agency, there is a corollary need to have higher education isolated from day to day politics.

Collective Bargaining's Impact on Budgeting

Finally, I will end by discussing one more subject that won't be popular. I urge immediate attention to the probability of formalized faculty collective bargaining, remote as that may seem in your state today. Much of the budgeting decision-making of today will pass to the bargaining table when formal collective bargaining begins. (Notice I didn't say if. For example, I predict collective bargaining will occur in Wisconsin within a year. To me that's significant, what with Wisconsin's long-standing reputation for faculty governance and overall academic excellence.)

It is imperative that we plan now for collective bargaining, and that our planning provide for structures which interrelate the bargaining and budgeting processes both within and outside of the higher education agency. The process clearly must either involve the executive and legislature in direct bargaining or ratifying roles, or must provide the agency with sufficient budgetary flexibility to permit institutional implementation of negotiated agreements. Without careful policy evaluation and planning for collective bargaining today, and the realization that bargaining and budgeting are very much interrelated and need to be, I think much of what this panel has dealt with today will become moot tomorrow.

STATE CONTROL AND PROGRAMS FOR HIGHER EDUCATION

Lyman A. Glenny, Director
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University of California, Berkeley

"The future is not bleak for institutions and staffs that recognize the trends and take appropriate actions... Analyses, plans and action must be bywords if success is to be assured."

State government remains the chief source of funding for higher education, and nothing on the horizon would appear to change that observation for the future. The public senior institutions rely most heavily on the state for funds, the community colleges do so to a lesser but increasing extent, and the private institutions, currently subsidized by the state through tax exemptions and student tuition grants, seek more state largesse in the future. Concurrently, the state is confronted with serious policy issues relating to support of research, public services, and adults, to falling enrollments in some public institutions, to the probable closure of some private liberal arts colleges and perhaps some public ones, to the continuing oversupply of doctoral graduates, to competition with the collegiate sector of new forms and new institutions offering postsecondary education, and to a host of issues relating to finance in a period of high inflation and severe recession.

The well-being of many institutions and the very survival of some relies on the mutual accommodation of the particular college or university with the state government.

With rare exceptions, institutional definitions of function and programs for the future will be reviewed, second-guessed, and modified by one or more agencies of the state in which it is located. The social and political environment for resolving institution/state issues is very complex and very different from that during the great expansion period of ten years ago.

Many institutional officers appear to be unaware of the vast changes taking place in structure and power relationships among agencies dealing with higher educational matters, or with the competitive challenges of new institutions and new modes of instruction, or with the form and content that institutional plans must have in order to adjust in a positive and aggressive way to the emerging new world of postsecondary education.

Perhaps the least understood part of this new world are the fundamental shifts in power relationships among state agencies as they deal with budgeting, planning, and coordination of higher institutions. The

social context for establishing new institutions or new roles for existing institutions in the 1960's was one of almost unbridled expansion and optimism. Enrollments, funds, and buildings all grew massively; and each senior institution, new or old, seemed to aspire toward status as a graduate research institution. Junior colleges proliferated to become community colleges and, in some cases, sought and succeeded in becoming senior colleges.

State governments responded to the growing complexity and problems of expansion by creating a variety of coordinating and planning boards or councils. These new agencies and institutions operated in a political context of relative simplicity. Most governors' budget offices had small staffs and rarely a specialist for higher education. In state legislatures, a political assistant might sometimes be found, but professional staffs were virtually nonexistent. Under these conditions, coordinating boards entered a near vacuum with their fresh staffs of professional specialists in planning, budgeting, and program development. These agencies were in an ideal position to create a favorable record of accomplishment, with both the governor and legislature relying increasingly on the coordinating board for planning and initiating policy; and their plans--almost without exception--anticipated unending increases in the number of young people and the proportion of high school graduates who would attend college.

Today institutions and coordinating agencies face a very different political and operational environment (Glenny et al., 1971). By 1970 the staffs of many governors' budget offices were expanded to include professional specialists for higher education. These analysts reviewed the budget and programming work of both the institutions and the statewide boards. The executive budget became the instrument which largely determined the allocation of funds among state services and among public institutions of higher education. As funding constrictions and unexpected enrollment drops occurred, many coordinating staffs moved toward closer association with the increasingly powerful governor and away from the legislature and the institutions.

Concurrently, many legislatures began to combat actively the continuing accretion of gubernatorial power. They, too, hired professional staff for research units and for the appropriations and finance committees. In the past four years the growth of these legislative staffs has been very great. Specialized staffs equal to that of the governor are not uncommon. Economists, political scientists, accountants, and managers now aid legislators in dealing with the operating agencies of government. Moreover, more legislatures than governors have established new program review-and-performance audit agencies or added that function to an existing office.

It is not uncommon for a public college or university budget request to be reviewed seriatim by the state coordinating board, the executive budget office, and from one to four different legislative committee staffs. After appropriation, expenditures may be pre-audited and

after expenditure both fiscal and program audits may ensue. Colleges and universities increasingly exhaust their planning and management resources in responding to the plethora of executive and legislative staff requests. Little time remains for educational program planning or operational developments which legislators and governors want desperately and which, if institutions are to survive in the next 20 years, must be done.

The environmental context is further complicated for institutions by federally-initiated programs for buildings, continuing education, instructional equipment, and student aid, along with the accompanying regulations for dealing with affirmative action for women and minorities. Rather than assign administration of these programs to existing coordinating or statewide governing boards, new agencies were often created by the states.

Further, federal funding patterns emerging during the past five years award less money directly to institutions and more to students through grants and work-study programs. The federal policy of aiding students through the institution has led the government into an extremely complicated set of administrative arrangements with the colleges and universities as it attempts to achieve federal objectives rather than the more parochial objectives of the institutions. Also, it is not clear whether state and institution budget planners have considered the operational consequences of federal student-aid programs, much less recognized them as integral to effective financing.

These new complexities of the political and organizational environment for institutions require different data and information bases as well as new perspectives on the decision-making process. But probably more important for societal welfare and institutional survival is the resolution of the confrontation between the new forms, modes, and types of agencies for offering postsecondary education on the one hand, and the higher institutions both new and old facing drastically changing enrollments on the other.

Given the greatly changed climate of opinion and attitude toward higher education and the structural and political context within which it seeks support, what are institutions and coordinating agencies doing or intending to do for institutional welfare? At the state level, studies show relatively little long-range planning taking place. Coordinating agencies and statewide boards do respond to immediate policy issues on the establishment and location of institutionally proposed medical and veterinary schools and on specific suggestions for new doctoral and professional programs. But with few exceptions among the states, planners are not engaged in conceiving new initiatives in programming, in setting system goals, in reviewing or redefining institutional missions, or in establishing other parameters for the development of individual campuses within a system of public and private institutions. Certainly, few pay much attention to other postsecondary forms or agencies, much less take them specifically into account in their planning.

We also find legislators and governors much concerned over the lack of direction or focus in higher education. I do not suggest utter chaos at the state level, but actions which have been taken fall far short of political expectations and, given the conditions and trends already known, short of requirements to meet the new realities. If state-level higher education agencies appear incapable of grasping the significance of the changes for higher education in the postsecondary world, how do institutional leaders deal with the issues and the intensely competitive relationships arising from this context? The answer is very much like that of the state-level people.

Findings From Survey of College and University Presidents

In a survey of 2500 college and university presidents conducted by the Center for the Carnegie Council for Policy Studies in Higher Education (1975) on how institutions were responding and planning to respond to leveling enrollments and funding patterns, we found some interesting, some unexpected, and some incongruous responses.

Sixty-three percent of the presidents had headcount enrollment increases of 10 percent or more in the past five years, and 46 percent expect to have that much of an increase in the next five years. However, whereas 16½ percent had decreases of 10 percent or more in enrollment in the last five years, only 4½ percent expect that much decrease in the next five years.

The study also shows shifts in expenditure in real dollars per FTE student. Only 6 percent of the presidents indicate a decrease of 10 percent or more in real dollars per FTE student in the past five years, and only 4 percent estimate that much reduction in the future. The Center study on state general revenue shows a quite different picture.

Presidents expect relatively little change in funding patterns to 1980 compared to the recent past. Although fewer than in the past, 70 percent of all presidents still expect increases from state government. They are much less optimistic about the federal government. On the other hand, they are optimistic about private donations as opposed to government sources.

As an aid in assessing trends for the types of students who would be recruited, we asked the presidents to indicate the extensiveness of their efforts to recruit among nine classes of students. As one might expect, the largest single percentage figure in either time period is toward recruitment of traditional students. But whereas only 5 percent more will recruit extensively for these, 28 percent more will do so for adults over 22, 26 percent more for evening students, 22 percent more for off-campus students, 20 percent more for early admittees from high school, 19 percent more for transfer students, and 17 percent more for previous dropouts. Clearly, the emphasis is on the adult student and those attending at different times and in different places than the traditional on-campus student.

Further, we asked the presidents for increases and decreases they expected in enrollment in the various academic areas. In foreign languages, engineering, and education in the period 1968 to 1974 more presidents report decreases than increases. In 1980, however, far fewer presidents expect increases in the fine arts, social and biological sciences, or education than in the last five years. Only in engineering, business, and vocational areas are more increases expected than in the past. On the other hand, far fewer presidents expect the decreases in enrollment that characterized the past in almost all of these areas. They are much more optimistic about engineering, foreign languages, the physical sciences, and mathematics. The figure showing the largest increase in both time periods--"vocational technical" by over 80 percent of the presidents.

The presidents' questionnaire also asked about the elimination or consolidation of courses and programs for purposes of reallocation of resources. Few presidents have extensively engaged in this activity and few expect to in the future. However, by 1980 it appears that the majority of presidents will reduce certain undergraduate and graduate courses and programs, and that the percentage who will do "very little" drops to roughly half of that reported for 1968 to 1974. So presidents do see a need for more efficiency in the curriculum in the future.

All our data show that higher education was truly expansionist in the recent past and, while the percentage of presidents reporting further increases by 1980 is somewhat less on most items, a definite sense of optimism pervades their attitudes toward the future. Even those who have already suffered enrollment and funding losses estimate the future with sanguinity. The administrators are sufficiently satisfied with their recent tactics and strategies for recruiting new clientele, adopting new programs, and meeting staffing needs, to report no major changes in activities beyond those already underway in 1974. Adjustment, if any, will be more of the same. By doing the same they expect conditions to be better, and certainly no worse than at present.

New Perspectives on the Institution's Role Are Needed

Given the public and political attitudes about higher education and the great changes occurring in the types and kinds of institutions and agencies engaged in postsecondary education, the expectations of presidents often seem unrealistic. While it has been my impression that state planners and coordinators are perhaps more aware of these changed attitudes and conditions, they, like the presidents, also tend to stick with the status quo. So far, few have rocked the boat of complacency until a genuine crisis arises from real budget cuts by governors or a drastic drop in enrollment occurs.

Higher education is unquestionably very important to the state for improving the quality of life and the economic welfare of its citizens--an importance which will increase rather than decrease in the future.

However, if the college-going rate is an indicator, what higher education now offers probably meets the needs of only a minority of either youth or adults. The new emphasis on postsecondary education reflects this fact. Industrial, military and governmental training agencies, proprietary institutions, and a host of churches, social organizations, and labor unions now extend opportunities highly underestimated in their number and omnipresence and underrated for their educational contributions.

The changing institutional patterns for offering training and education are paralleled by an equally broad array of new means of delivery such as audio and video tape cassettes and discs, closed and open circuit TV, and independent study. The potential of these means of delivery by agencies other than colleges has as yet hardly been tapped.

As enrollments drop or level off, staffs of higher institutions seek new constituencies to serve--primarily adults from all walks of life as well as low-income students.

If adults are successfully recruited to make up for enrollment declines among the young in public institutions, the state must decide who is to pay the cost. In the past, most direct costs of extension and off-campus courses were paid by the student; now, by giving resident credit for such work, many state institutions bring these enrollments within state-funding formulas for regular daytime students. Few states have faced this issue directly, but the recession and inflation cause more and more states to decide on financing responsibilities for adults.

Governors and legislators are aware, sometimes seemingly more acutely than educators, that the climate and environment for postsecondary education is in a volatile state of flux. They want the state-level agencies and the institutions to take a more studied and aggressive stand on how and in what dimensions each campus will fit into the new spectrum of agencies and modes of education. What they really want is probably impossible to provide in absolute detail. But what they observe is that which is reported by the presidents--some tightening up on courses and programs and on number of faculty, but not much; and a great deal of laissez-faire thinking about the future.

State pressures for better and more comprehensive long-range planning are undoubtedly going to come from the politicians and will be directed at the state coordinating and planning boards. Individual institutions will be caught in the intricate web of committees, task forces, and special teams which large-scale planning efforts at the state level entail. Very few presidents will have well-thought-out ideas about the future roles and functions that their institutions can perform optimally within the competitive postsecondary environment, and fewer still will have actual plans to achieve their objectives. Thus, most institutions and campuses will be vulnerable to the point of helplessness to ideas and designs imposed on them by outside forces and agencies.

An aggressive, realistic planning mode is the best defense against imposition from without of roles and programs for an individual institution. The stance requires new perspectives on the institutional role in the wide spectrum of postsecondary institutions and also new data bases for providing more meaningful assessments of internal operations and of faculty and student trends that bear on policy issues.

Too, institutional research staffs and policy analysis groups can contribute substantially to the well-being of an institution by aggressively pursuing with state agencies objectives and goals backed by data-based realism and imaginative analysis. State plans can then support strong institutional plans rather than initiate models and procedures for imposing state-conceived priorities. An institutional planning vacuum invites state intervention and domination, whether through a state plan or ad hoc decisions. A well-thought-out plan based on realistic assessment of an institution's strength and potential invites state support and cooperation rather than control. At a minimum, an institution ought to know more about its students, faculty, programs, operations, and plans than the state agencies--a condition often unverified by current research.

The future is not bleak for institutions and staffs that recognize the trends and take appropriate actions to either change a trend or to respond to its demands in meaningful ways. Analyses, plans and action must be bywords if success is to be assured.

LEGISLATIVE OVERSIGHT: A FORMER LEGISLATOR'S VIEW

Marshall S. Harris
Member of the Florida Board of Regents

"...some little band-aid work here, some Scotch tape there... we're supposed to imagine this is the way to set legislative policy."

I know many of you from participation in a number of settings. Several of you were in Nashville five or six years ago when we handled a preliminary session in budgeting for the Council of State Governments. This was during a time when state governments were first emerging from the Dark Ages--when some state governments for the first time had the temerity to decide that the governor's budget proposal was not sacrosanct, that you could actually amend it! We've come a long way since then in state government throughout the nation and particularly in the SREB states.

The strides have been enormous and I think we are now at that point in the history of state government where we finally have most of the accoutrements that enable us to make intelligent decisions. We started off in legislatures talking about annual sessions. Most states in the South, if not on annual sessions, are now on something closely approximating annual sessions in terms of extensions or something of the like. We started aiming at some sort of an increased staffing pattern and most of the states have now built up staffs from virtually nothing to at least what they deem to be an adequate staffing pattern to solve their problems. And we have continued forward. I'm drawing this out only because I think some historical perspective is important. I think the subject we're going to discuss this afternoon is the next logical step in that process.

A Definition of Legislative Oversight

To many of you, legislative oversight sounds like a strange term and, to many others, it's probably a term the definition of which we're going to disagree on. But my concept is that the legislature, having gone down this trail which has cost them a lot of state dollars in terms of improving their own ability to set policy for the state, and having forced upon their own membership a great deal more in terms of sacrifice in time and in brain power, now are sitting back and saying, "You know, we ought to be accomplishing more in terms of setting policy. We ought to be in a position to be more content with our work at the end of the session than most legislators presently are."

I think that legislative oversight is by and large an answer to that discontent. Let me tell you what I mean. It's hard to take away from an individual legislator his right to go off on any tangent hat happens

to suit him. I remember, for example, when Buddy MacKay (Florida State Senator) and I served together in the House,we went off on a tangent called "enrollment padding". We found that in the state university system there were some courses in which the professor didn't think the student would show up and the student had an understanding he wasn't expected to. The university system was funded for those people. We solved the problem. We wrote a provision into the appropriations bill. We shifted how that money was spent and placed limitations on how many of those students in those types of courses could be enrolled and for how many credits and at what point those credits stopped earning state dollars. We solved that problem beautifully. The problem with solving that problem was that I had a gnawing suspicion that I had devoted one legislative session (and we really had) to that single problem in higher education. When I got finished with it I really felt that it was sort of like quicksand. I had solved the problem contained in that little package and had dropped it out there as solved and as I turned around and walked away it slowly sank into the quicksand--covered up as if I had never been there at all. And I can't tell you how many times similar experiences such as that have happened to other legislators.

So it goes, piece by piece, an attack on this position, an attack on that position, some little bit of band-aid work in this area, some bit of Scotch tape in this area--and out of this we're supposed to imagine this is the way to set legislative policy. Nonsense! We're not setting policy! As a matter of fact, what we are doing is what is natural for legislatures to do--to react to specific abuses as they come up, with no pattern to it. Buddy and I--when we looked at enrollment padding--had a pattern. It happened to be that that looked like a fearful waste of money. And it was but you see, the point is, it wouldn't matter how you took the money out of the system. Your basic policy is that you're going to remove some money from the system. And the real issue should be: Can the system perform with that money removed? To what degree does it perform less vitally than it would if the money were retained in the system? And to pick apart a piece at a time does not give you any coherent framework at all.

Now I think that an intelligent legislature should be puzzled by this dilemma, and I've got to believe that most of you are either puzzled by it right now, have been puzzled by it in the last little while, or the majority of you are going very soon to be puzzled by it. Probably you're going to start searching for how you do solve that problem. How do you devise a system that allows the legislature to do what it's really supposed to do, set the broad general policy guidelines for the state? How do you get collective judgment on the issues to be examined and then stay with those problems until you solve them in the fashion that collectively you decide is appropriate? That's where the issue of legislative oversight is vitally important.

A System for Legislative Oversight

I lectured last spring to the Michigan legislature. They adjourned Michigan's legislature for a day. A number of the Michigan legislators felt it wasn't worth a day's adjournment, but nonetheless they came in and listened to me on the subject of legislative oversight. One of the reasons they didn't think it was worth the day's adjournment to hear me was that I suggested a system that I thought made abundant good sense--and since it wasn't their system, they didn't think so. I suggested that legislative oversight, if it is going to be performed, is not a function that can be performed by the money committees of the legislature. The money committees of the legislature, goodness knows, have enough to say grace over just in determining how the funds will be appropriated for the forthcoming budget cycle without going back to see how well the funds previously appropriated have, in fact, been expended. In most states the money committees make all the major decisions. The thing that's wrong with that is that they don't have enough time to look at the decisions they've already made. All they can do is look at the decisions they expect to make for the forthcoming budget cycle.

I suggested to the Michigan legislators that they ought to go the way some states have started to travel, namely, staff the major substantive committees and give those substantive committees the oversight function. By that I mean, let them have the responsibility, in their area, for examining the path that prior legislation has already taken: What has been accomplished? Is it doing what was sought?

Now I understand that you have discussed the Wisconsin system, where the contract form is a way of benchmarking so that you can look backwards. Programmatically they look at problems in such a way that certain kinds of results are guaranteed for the expenditure of certain amounts of dollars. How you decide to do that is relatively immaterial. The Wisconsin model is not the only model in an oversight review. There are all sorts of models that could be used.

The important thing in oversight is that you have a model that you agree on collectively. I suggested to the Michigan legislature that it would be appropriate for the committee chairmen of the major substantive committees to collectively decide those major substantive issues they wish to examine in the forthcoming off-season. In other words, immediately beyond the adjournment they would sit down and say, "Okay, this is what we did; now which of these items do we wish to keep track of intimately? Which do we wish to see in terms of how they affect what's going on on the outside?" And they could collectively make assignments from that bundle of decisions to each of the substantive committees. Now that gives you some great advantages. Those of you who are Appropriations or Ways and Means chairmen in your respective states and who have constantly had legislative colleagues snap at your heels claiming they really are not in the big tent, now can say, "Fine, you were not in the big tent (the Appropriations Committee) because

you really didn't ask to be there. This gives you a way to be there." And, by the way, that's true. If you give a job to the Education Committee, for instance, that committee can to a large degree determine the policy of the legislature about that specified phase of higher education because they've got, under my theory, a staff, they've got the full-time membership of that committee, and they've got a single charge.

Now I say this is a good way to proceed because everybody knows what everybody else is doing, everybody knows which committees are assigned which fields of responsibility. It's a good way to measure committee chairmen. The way I look at the problem, you assign important tasks to that committee and all the committee chairman has to do is foul up one time and then he is in some jeopardy of removal. Now maybe your system wouldn't allow him to be removed, but most systems would give at least the flexibility for him to be denigrated to a position where we didn't even have to give him an assignment in oversight in the future, knowing he couldn't perform it. Once you did that and once your oversight function achieved the status I think it can, pretty soon there wouldn't be very many people willingly wanting to be known as being on the committee that did not even have enough ability to perform an analysis of a program already in place. And this has a number of other great benefits.

One of the major problems which I see now after switching hats from a member of the legislature to the Board of Regents is that we are constantly being "potshot." Constantly we find people picking a little point here and a little point there. Recently we had a gentleman say it's unfair to spend a quarter of a million dollars to hire counsel in order to represent the Board of Regents in the collective bargaining issue. (We have a new collective bargaining law in Florida and we have yet to have our first election in that area.) But there was a legislator who made a big "to-do" out of the level of expenditure that we had undergone as Regents to hire competent counsel. Well, it turns out he wasn't really on track; his figures were a little wrong and we think we could defend the issue, but you know something we found out in the course of it? We found that, unbeknown to anybody, we had ended up paying not only for the expenses of our counsel, but included in those expenses was the reimbursement for his drinks. Naturally this didn't come off too well because most of the people don't think that state money should be paid to reimburse your attorney for what he happens to consume at the bar! So we ended up a little red-faced. But again, according to Representative Melvin, I said, "Jerry, that was a great accusation, and luckily you had something that you finally sunk into that was flesh, but when you get finished with it, was it worth (other than to yourself and your own home district) the damage? Would it not have been far better had you picked up the phone and said, 'Marshall, I have a suspicion you're reimbursing for some improper expenses.'" Of course, he didn't know that at that time, he didn't know until after he'd made his charge that a quarter of a million was spent.

If legislators continue to make those kinds of "potshots" at executive agencies, then they're not going to be at all interested in a cohesive pattern by which policy is set. You know, it's a rather contagious disease. Here in this state we've done right well with our legislature on its ability to "sniff out." In the last couple of years we've come close to impeaching two state-wide elected officials and two justices on our Supreme Court who resigned rather than face impeachment. One other state-wide elected official was at that point until we managed to polish him off by the elective process. That's a very, very contagious kind of virus.

When you serve in a position where you're getting into that kind of meat, you say to yourself, that's what a legislature ought to be doing. And that's right. The legislature has that responsibility. But it can't do only that sort of thing. Every single thing the legislature does cannot be of the quality of virtually impeaching somebody or of discovering a scandal.

Policy Statements vs Piecemeal Decisions

Somebody, someplace has to be thinking consistently about what is the broad policy we're trying to effect. And I suggest that you utilize the system that Michigan had already discarded when I suggested it, and that most of you may discard as well, or any other system (because mine is just my idea). But, if you do come up with a system you will at least have accomplished one thing: Instead of turning over a rock every once in a while, you'll be harnessing your energy to plowing a straight furrow, and when you look back down the field you won't see a few overturned rocks; you'll see a straight line. You'll know where you are and where you've been. And you'll be able then to go back to your electorate and point that out.

Now that's not easy to sell. It's much easier to make the kind of public statement that results in discovering that the Board of Regents paid for reimbursement of some alcoholic beverages of its counsel. And, the fact of the matter is, that is what gets people elected.

My problem with the way I see the legislature is that that's <u>all</u> it ever does. It goes around doing that (and I was just as guilty of it--as I've indicated by our enrollment padding scandal--as anybody else was). Now sitting on the other side of the table I say to myself: the legislature as a policy arm really isn't devoting the energy to policy-making that it should. Between you and me, if the Board of Regents wants to find out what the legislature intended, it does not go to a policy-position paper that the legislature puts out as a result of a review of a program by a substantive committee. Most often, we pick up a phone and we call a Bob Graham (Florida State Senator, Education Committee Vice Chairman). More often than not Bob manages, through his own particular expertise, to get into the Appropriations Act those little goodies that only he understands.

That's not the way a legislature should formulate policy. It should do it by collective judgment, by leaving a furrow behind it, by producing a document that is its statement of policy on that issue, so that at a future date you can repair to that statement. So that at a future time the legislature could point and say: "In the year 1976, the legislature set the following policy as a result of an examination of a program previously enacted and reviewed by the committee on higher education (or the committee on business regulation, or whatever field it might be)."

I know it's difficult to imagine that individual legislators would ever desire to so submerge their particular personalities into a unified cohesive product that they might buy this idea, but let me say this: if you did, you could get much greater cooperation from executive agencies because they would at least know what the substantive committee intended that year in that committee, and you could address yourself to it. You could get rid of hundreds of bills because you could eliminate most bills over a period of time if they ran contrary to what was the unified policy decision of the legislature.

Half the time people introduce legislation in most legislatures not because they think it's a good bill, but because it does have an appeal back home. If it were introduced in the face of a policy statement to the contrary, it might be more embarrassing to introduce it than the P.R. value back home actually turned up for the individual legislator. I don't know about you, but just to wade through 3,000 bills each year (and Florida cut that number down from 5,000 - 6,000) is terribly time-consuming. But, if after a committee sets a policy in an area and then the chairman of the committee says, "Well, Mr. Jones, your bill speaks to an issue we discussed two years ago, let's consider it in view of the policy expressed then to see if we wish as a committee to recommend changing that policy." I think after a while Mr. Jones may start to read the policy statements before he introduces a bill. Just in paper alone it may be a worthwhile idea because it will save a ton of money.

Lastly, and I just want to throw this idea out as a general idea because I happen to believe you all do want to leave an imprint on the sands of time, I'd like to know from you why it is that most legislatures have not adopted a policy which would enable them to leave documents that were the collective judgment of the legislature at that point in time so as to both guide future legislators and to also measure what programs are accomplishing. I can't for the life of me see why you don't do that, but then I was there, and I didn't do it either!